



# Office of Comprehensive Services

Empowering communities to serve youth

## **CSA PROGRAM AUDITS: Understanding Internal Controls and Strategic Planning in CSA Programs**

Presented by  
Stephanie Bacote and Annette Larkin  
April 30 - May 1, 2013

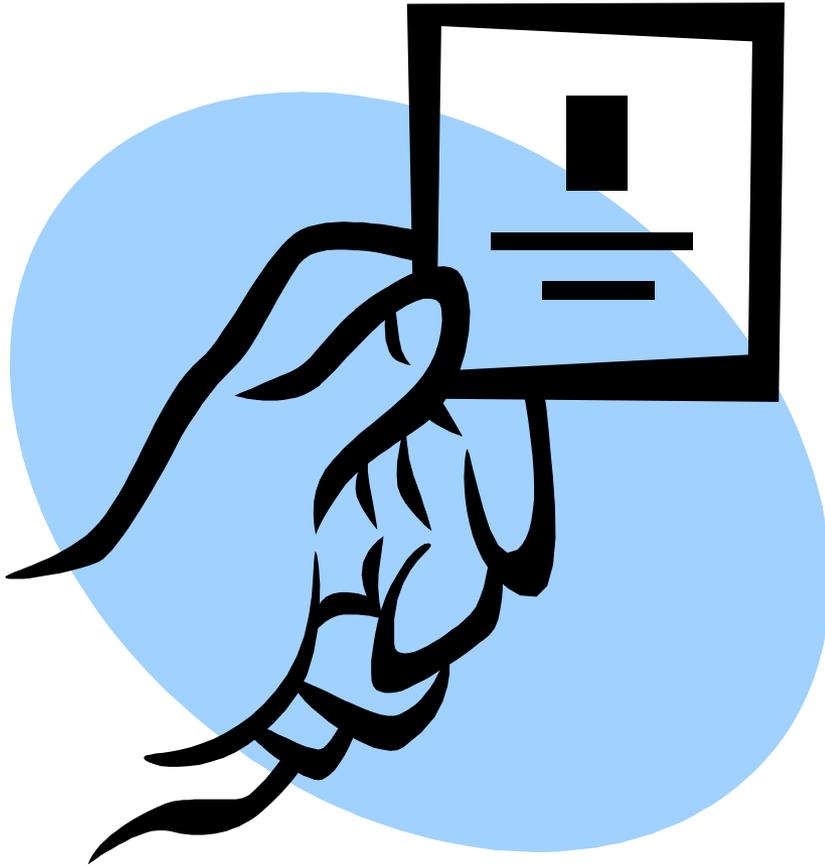
## **Understanding Internal Controls and Strategic Planning in CSA Programs Training Checklist**

<b>PURPOSE:</b>	To educate participants on the definition of internal controls, the organizational responsibility for establishing an internal control structure, and the various types of control activities. To introduce basic principles of strategic planning as an internal control pursuant to Agency Risk Management and Internal Control Standards (ARMICS). To discuss recent audit observations, coupled with internal control and strategic planning concepts, and the potential impact on the organizational effectiveness of locally administered CSA programs.
<b>OBJECTIVE 1:</b>	In a classroom setting, participants will recognize their role in the internal control structure within their locally administered CSA program.
<b>OBJECTIVE 2:</b>	In the classroom setting, participants will be able to identify at least two key principles of strategic planning and relate them to ARMICS.
<b>OBJECTIVE 3:</b>	Using three case studies (recent audit observations), participants will be able to identify the applicable internal control weakness and the strategic planning principle affected in at least 2 of the 3 case studies.
<b>HOURS:</b>	1.5 hours
<b>INSTRUCTIONAL METHOD:</b>	Lecture/Discussion/Small Groups/Case Studies
<b>MATERIALS REQUIRED:</b>	Lesson outline, Paper, Pen/Pencil, Computer, Projector, Handouts
<b>REFERENCES:</b>	Commonwealth of Virginia Agency Risk Management and Internal Control Standards (ARMICS) Manual <a href="http://www.doa.virginia.gov/Financial_Reporting/ARMICS/ARMICS_Main.cfm">http://www.doa.virginia.gov/Financial_Reporting/ARMICS/ARMICS_Main.cfm</a>  The Institute of Internal Auditor <a href="https://na.theiia.org/Pages/IIAHome.aspx">https://na.theiia.org/Pages/IIAHome.aspx</a>  Office of Comprehensive Services Program Manual <a href="http://www.csa.virginia.gov/html/csa_manual_dev/stage.cfm?page=main_toc.cfm">http://www.csa.virginia.gov/html/csa_manual_dev/stage.cfm?page=main_toc.cfm</a>  Virginia Department of Planning and Budget (DPB), 2011 Strategic Planning Workshop Series, Strategic Planning for the 2012-2014 Biennium, July 28, August 2&3, 2011, <a href="#">Agency Training - Slide Presentation</a> (Summer 2011)  DPB, <a href="#">Agency Planning Handbook</a> (2011), Updated July 2011
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<b>DATE:</b>	April 16, 2013

# **Understanding Internal Controls and Strategic Planning in CSA Programs Participant Outline**

- I. Introduction**
  - A. Icebreaker
  - B. Purpose
  - C. Objectives
  
- II. Content**
  - A. Internal Controls
    - 1. Definition
    - 2. Fundamental Concepts
    - 3. Two Categories of Controls (Hard and Soft)
    - 4. Responsible Parties
    - 5. Five Components of Controls
  - B. Strategic Planning
    - 1. Statutory Authority
    - 2. Definition
    - 3. Benefits
    - 4. Process
    - 5. Elements
  - C. CSA Audit Observations
    - 1. Notice – CSA Website
    - 2. Difference between Internal Control Weakness and Non-Compliance
    - 3. Case Studies
  
- III. Summary**
  - A. Review
  - B. Questions

# CSA Program Audits Introductions



Get to Know Each Other

- Name
- Position
- Workplace
- Time w/CSA

# CSA Program Audits

## Introduction: Ice Breaker

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# CSA Program Audits

## Introduction: Purpose and Objectives

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### Purpose:

To educate participants on the definition of internal controls, the organizational responsibility for establishing an internal control structure, and the various types of control activities.

### Objective:

In a classroom setting, participants will recognize their role in the internal control structure within their locally administered CSA program.

# CSA Program Audits

## Introduction: Purpose and Objectives

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### Purpose:

To introduce basic principles of strategic planning as an internal control pursuant to Agency Risk Management and Internal Control Standards (ARMICS).

### Objective:

In the classroom setting, participants will be able to identify at least two key principles of strategic planning, and relate them to ARMICS.

# CSA Program Audits

## Introduction: Purpose and Objectives

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### Purpose:

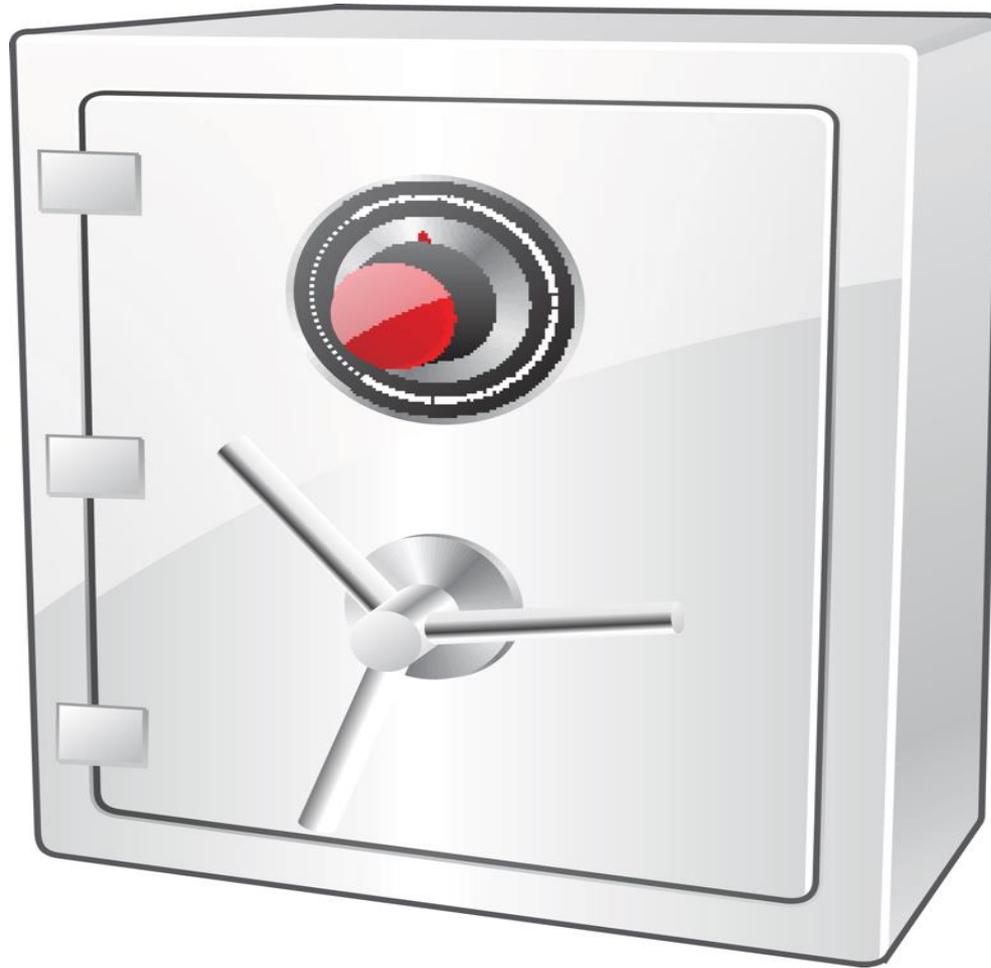
To discuss recent audit observations, coupled with internal control and strategic planning concepts, and the potential impact on the organizational effectiveness of locally administered CSA programs.

### Objective:

Using three case studies (recent audit observations), participants will be able to identify the applicable internal control weakness and the strategic planning principle affected in at least 2 of the 3 case studies.

# CSA Program Audits

## Understanding Internal Controls in CSA



# *What are Internal Controls?*

Internal controls are steps taken to provide reasonable assurance that the following objectives are met:

- Assets are safeguarded,
- Reliable information/data,
- Effective and efficient operations, and
- Compliance with applicable laws, regulations, policies, procedures, contracts, etc.

### ***What are Internal Controls: Fundamental Concepts***

1. Internal Controls are processes, a means to an end, not an end in itself.
2. Internal Controls are effected by people, not merely policy manuals and forms but people at every level of the organization.
3. Internal Controls are geared to the achievement of objectives.
4. Internal Controls can be expected to provide only reasonable assurance, not absolute assurance.

### *Reasonable Assurance*

Cost of achieving the internal control objectives should not exceed its benefit



## CATEGORIES of CONTROLS

### Hard Controls

- Policy/procedures
- Organization structure
- Formal processes
- Centralized decision making

### Soft Controls

- Competence
- Trust
- Shared values
- Strong leadership
- High expectations
- Openness
- High ethical standards

# CSA Program Audits

## Understanding Internal Controls in CSA

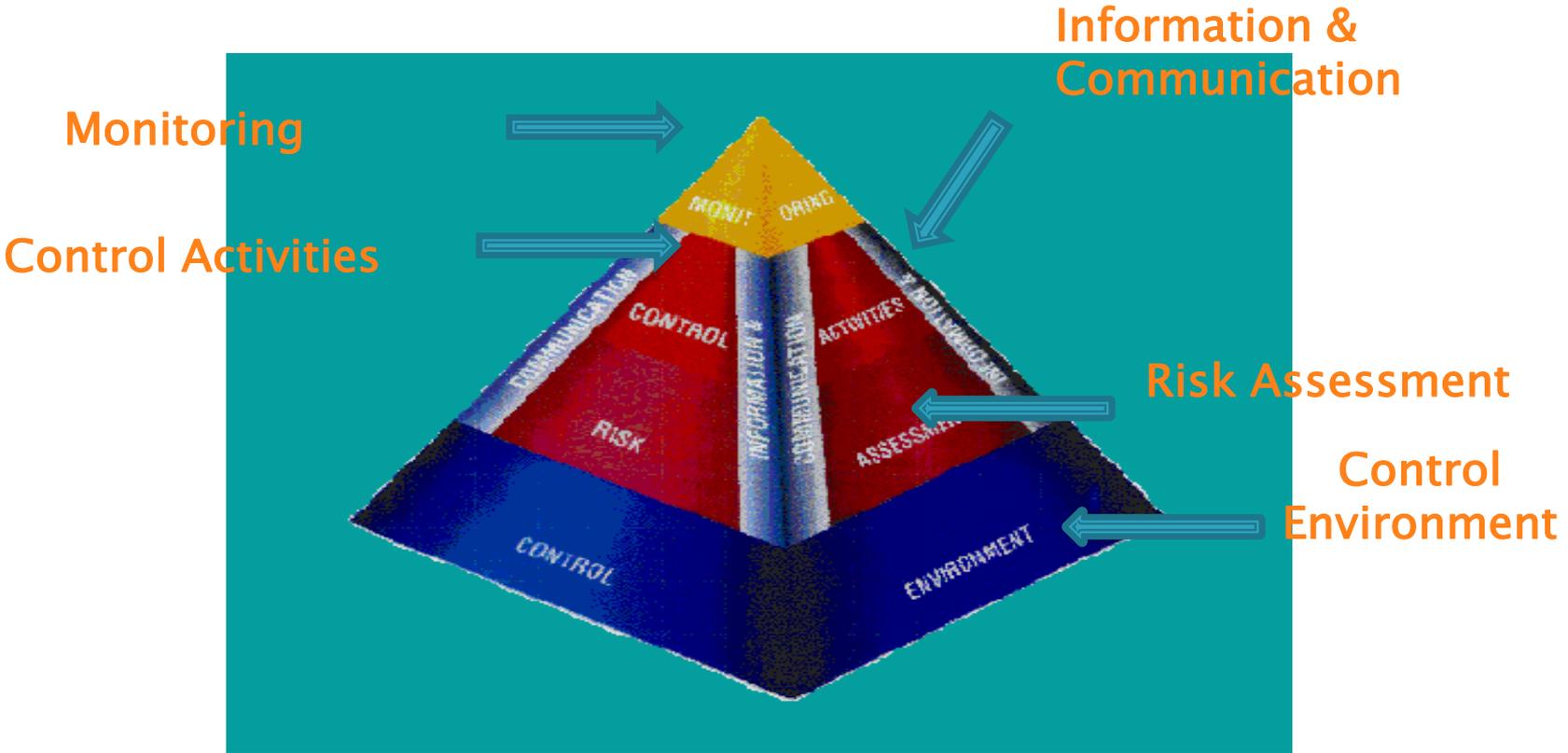
*Who is responsible for compliance with Internal Controls?*



**All STAKEHOLDERS** are responsible for compliance with internal controls.

### Five Components of Internal Controls

© 1992 Committee of Sponsoring Organizations of the Treadway Commission.



### *What is the Control Environment?*

1

- **Atmosphere reflecting underlying corporate values**
  - Provides structure and discipline
  - Foundation for all other components of internal controls

# CSA Program Audits

## Understanding Internal Controls in CSA

### Control Environment

*Community Policy and Management Team*

1

- Code of Ethics
- Mission Statement
- Goals and Objectives
- Strategic Plan/ Long Range Plan

# CSA Program Audits

## Understanding Internal Controls in CSA

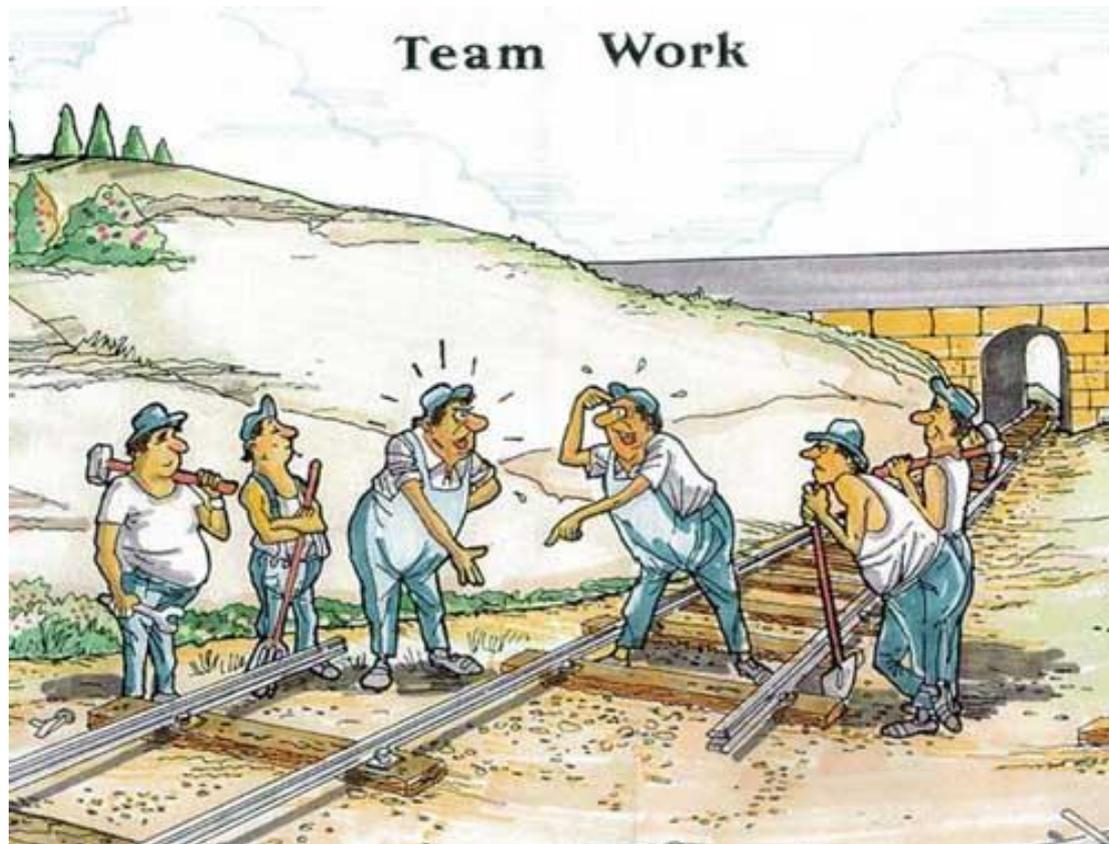
### Control Environment

#### *Organizations with an Effective Control Environment*

1

- Sets a positive “tone at the top”
- Hires and retain competent people
- Fosters integrity and control consciousness
- Formalize and clearly communicates policies and procedures resulting in...

### Control Environment Shared Values and Teamwork



### *What is a Risk Assessment?*

2

- The identification and analysis of relevant risks that may prevent an entity from achieving objectives.

### Risk Assessment

2

- **Analysis of risks related to achieving agency objectives**
  - Identification of Risk-Significant condition resulting from no action being taken, the wrong action being taken, or the right action not taken in a timely manner
  - **Analysis of Risk** – analyzing the identified risk and its likelihood of occurrence and its impact to the organization

# CSA Program Audits

## Understanding Internal Controls in CSA

### Risk Assessment

2

- **Analysis of risks related to achieving agency objectives**
- **Management of Risk** –steps taken to prevent losses or reduce the impact if a loss occurring

# CSA Program Audits

## Understanding Internal Controls in CSA

# *Analysis of Risk*

THREAT

\*

EXPOSURE

\*

RISK

=

EXPECTED  
LOSS



# CSA Program Audits

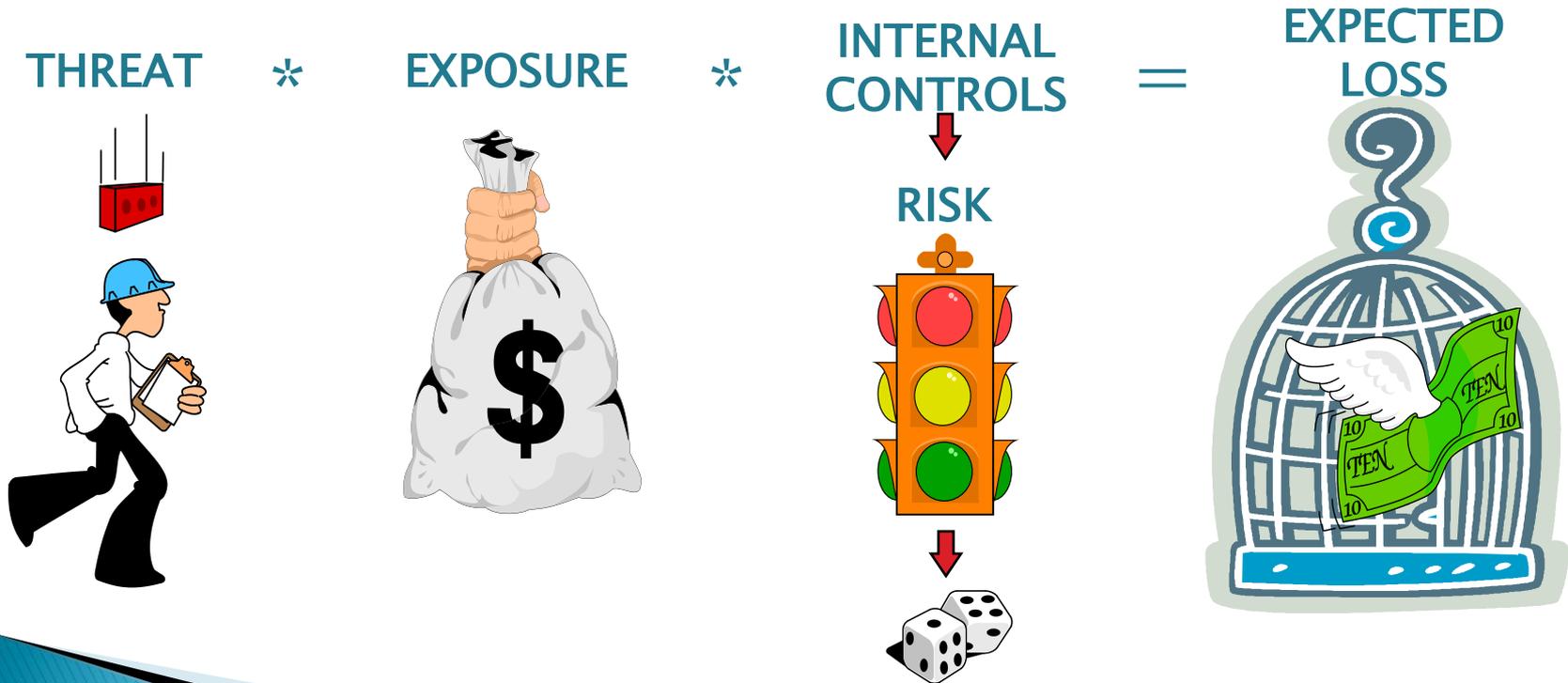
## Understanding Internal Controls in CSA

### Risk Assessment

2

- Tools to identify risk
  - CSA Self Assessment
  - Annual Gap Survey
  - Utilization Management Reports

# *Management of Risk*



# 10 Critical Organizational Risks

1. Financial
2. Legal Liability
3. Regulatory Compliance
4. Organizational Image
5. Organization-Specific
6. Data Integrity and Reliability
7. Confidentiality of Data
8. Safeguarding Proprietary Data
9. Contingency Planning
10. Operations

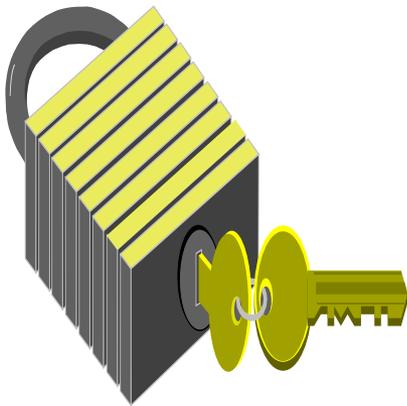
### *What are Control Activities?*

3

- Policies and procedures for addressing significant risk.
- Assure management's directives are carried out.
- Sufficient to help ensure that you are managing your significant risks.

# Control Activities

## *Types of Internal Control*



Preventive



Detective



Corrective

# CSA Program Audits

## Understanding Internal Controls in CSA

### Control Activities

3

- ***Preventive:***
  - Segregation of duties
  - Proper authorization
  - Limiting access to files and systems
- ***Detective:***
  - Review of performance
  - Reconciliation

# CSA Program Audits

## Understanding Internal Controls in CSA

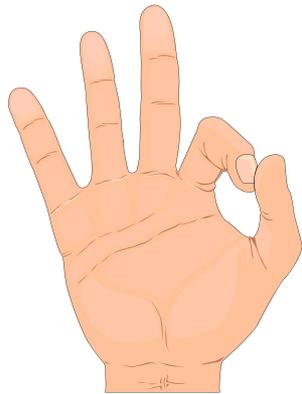
### Control Activities

3

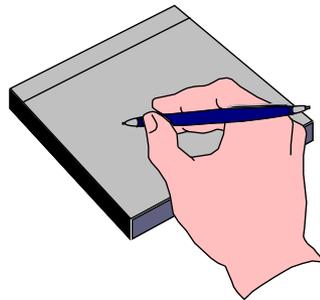
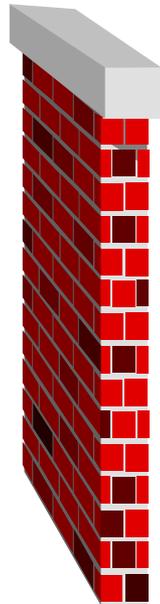
- **Corrective:**
  - **Exception Reports**
  - **Corrective Action Plans**
  - **Recoupment of Funds**
  - **Legal Action**

# Control Activities

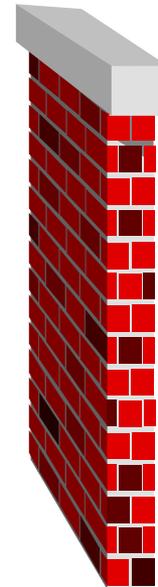
## *Segregation of Duties – Preventive*



Authorization



Recording



Custody

# Control Activities–Preventive

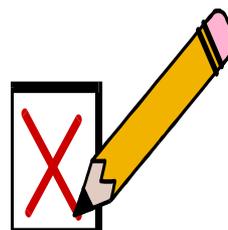
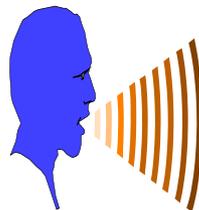
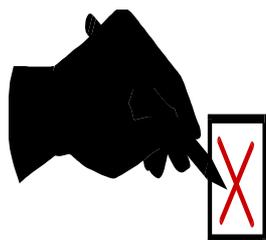
## *What needs to be approved?*

- **Depends on the risk assessment.**
- **High risk activities should be approved by senior management.**
- **Approval means that the approver has reviewed the supporting documentation and is satisfied that the transaction is appropriate.**

# Control Activities– Preventive

## *Approvals*

Certain activities or transactions require supervisor approval.



# Control Activities– Preventive *Verification*

Be an **A-C-E** reviewer of reports

- ▶ Is the information **A**ccurate?
- ▶ Is the information **C**omplete?
- ▶ Are the operations **E**fficient?

# Control Activities– Preventive

Security of Assets– restrict access to assets  
and information to authorized personnel



# Control Activities– Detective

## *Review of Operating Performance*



## Reconciliations

# CSA Program Audits

## Understanding Internal Controls in CSA

### *What is Information and Communication?*

4

- **Systems for capturing and communicating relevant information in a timely manner:**
  - **Maintain clear and open lines of communication**
  - **Understand your role in the internal control system**
  - **Move important information to the top of the organization**

# CSA Program Audits

## Understanding Internal Controls in CSA

### *What is Monitoring?*

5

- The assessment of internal control performance over time to determine whether internal control is adequately designed, properly executed, and effective.
- Ongoing supervisory activities lessen the need for separate evaluations
- Periodic evaluations (self-assessment, peer review, internal/external audits)

# CSA Program Audits

## Understanding Internal Controls in CSA

### Monitoring

5

- *Stakeholder Monitoring*
  - CSA Coordinator – Monitors own work to ensure it is being done properly; complying with internal /external policies and procedures, correct errors identified, detect and communicate problems with existing policies and procedures; and report changes in their immediate internal and external environments

# CSA Program Audits

## Understanding Internal Controls in CSA

### Monitoring

- *Stakeholder Monitoring*

- Family Assessment and Planning Team (FAPT)
  - Monitoring focus should be on ensuring that control activities are functioning properly; the families being served are accomplishing goals; communication is open and sufficient; and risks and opportunities are identified and properly addressed. The FAPT is responsible for assessing the strengths and needs of troubled youths and families who are approved for referral to the team and identify and determine the complement of services required to meet these unique needs.

5

# CSA Program Audits

## Understanding Internal Controls in CSA

### Monitoring

5

- ***Stakeholder Monitoring***
  - Community Policy and Management Team (CPMT) – Monitoring responsibilities should cover the review of how well controls are functioning fiscally and programmatically for the local CSA program. Therefore, the CPMT shall manage the cooperative effort in each community to better serve the needs of troubled and at-risk youths and their families and to maximize the use of state and community resources.

# CSA Program Audits

## Understanding Internal Controls in CSA

### Monitoring

5

- *Stakeholder Monitoring*
  - State Executive Council (SEC) – Focus is on the organization as a whole with more emphasis on monitoring the organization’s achievement of its mission.

# CSA Program Audits

## Understanding Internal Controls in CSA



# CSA Program Audits

## Understanding Strategic Planning in CSA



## Code of Virginia – Comprehensive Services Act

**§ 2.2-5206. Community policy and management teams; powers and duties. “4.Coordinate long-range, community-wide planning that ensures the development of resources and services needed by children and families in its community including consultation on the development of a community-based system of services established under § 16.1-309.3;”**

## Department of Accounts Agency Risk Management and Internal Control Standards

**Oversight by the Agency’s Governing Board: “When statutes create an agency governing board, its members (commissioners, visitors, or directors) play a critical part in creating the control environment, assessing control adequacy, and monitoring control performance. The board’s independence from management, experience and stature of its members, extent of its involvement and scrutiny of activities, and appropriateness of its own actions all contribute to internal control. Effective boards require effective internal control programs.”**

Source: [http://www.doa.virginia.gov/Financial\\_Reporting/ARMICS/ARMICS\\_Standards.pdf](http://www.doa.virginia.gov/Financial_Reporting/ARMICS/ARMICS_Standards.pdf)

# CSA Program Audits

## Strategic Planning – Definition

“Strategic Planning is a continuous and systematic process where the guiding members (in this case CPMT) of an organization make decisions about its future, develop the necessary procedures and operations to achieve that future, and determine how success is to be measured. (Goodstein, Nolan, Pfeiffer) It is the systematic clarification and documentation of what an organization wishes to achieve and how to achieve it.”



# CSA Program Audits

## Strategic Planning – Objective

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“A set of goals, action steps, and measurements constructed to guide performance.”

# CSA Program Audits

## Strategic Planning – ARMICS

### Department of Accounts

#### Agency Risk Management and Internal Control Standards

***Control Environment – “Internal control requires an adequate “Control Environment” foundation. The control environment reflects top management’s expectations for how seriously agency employees should view and execute their fiduciary responsibilities.”***

***“Management philosophy is the set of shared beliefs and attitudes characterizing how the agency handles everything it does, from developing and implementing strategy to day-to-day activities. This philosophy reflects the agency’s values, influencing its culture and operating style, and affects how well fiscal programs can implement, maintain, and enforce control. Management philosophy appears in policy statements, oral and written communications, and decision-making. Management reinforces the philosophy more with everyday actions than with its words.”***

Source: [http://www.doa.virginia.gov/Financial\\_Reporting/ARMICS/ARMICS\\_Standards.pdf](http://www.doa.virginia.gov/Financial_Reporting/ARMICS/ARMICS_Standards.pdf)

# CSA Program Audits

## Strategic Planning – Benefits

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- ▶ Means of documenting the story of the local CSA program and its challenges.
- ▶ Aligns goals and strategies with long term objectives.
- ▶ Provide guidance to all stakeholders by establishing what is to be accomplished over a specified period of time.
- ▶ A management tool to monitor progress and overall performance toward stated goals and to make course corrections in efforts to accomplish long term objectives.

# CSA Program Audits

## Strategic Planning – Other Added Benefits

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OTHER BENEFITS TO BE ACHIEVED THROUGH STRATEGIC PLANNING:

- ▶ It's a good business practice; on par with the industry leaders.
- ▶ Transcends administrations.
- ▶ Defines priorities; Clearly show what needs to be done.
- ▶ Determines resources needed to carry out initiatives and manage operations efficiently.
- ▶ Gauge for measuring the accomplishment of objectives and quality of service to stakeholders.
- ▶ Promotes on-going feedback when it incorporates input from key stakeholders and includes timely reviews/reporting of progress and results.

# CSA Program Audits

## Strategic Planning – ARMICS

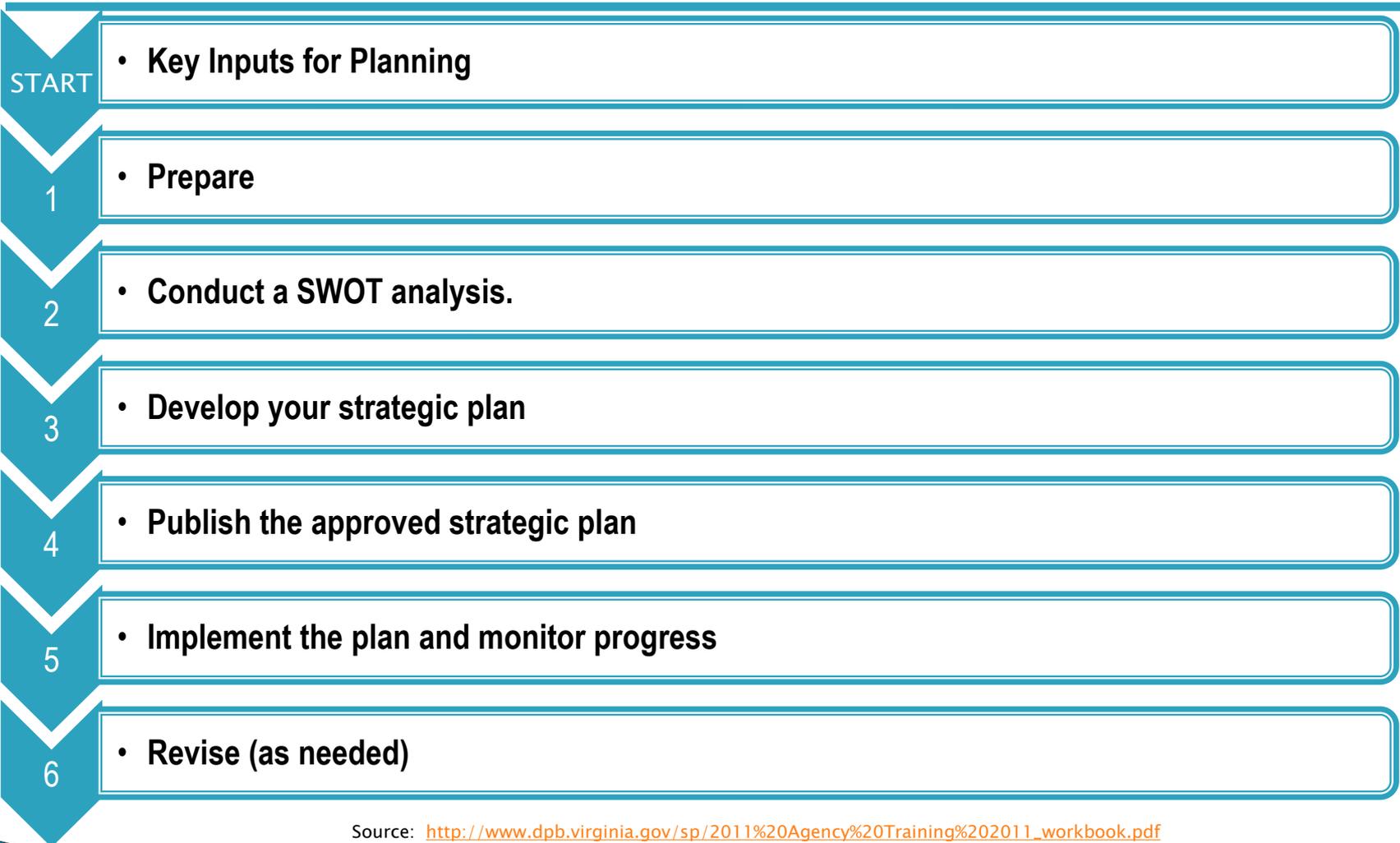
### Department of Accounts Agency Risk Management and Internal Control Standards

**Oversight by the Agency's Governing Board  
&  
Control Environment**

Source: [http://www.doa.virginia.gov/Financial\\_Reporting/ARMICS/ARMICS\\_Standards.pdf](http://www.doa.virginia.gov/Financial_Reporting/ARMICS/ARMICS_Standards.pdf)

# CSA Program Audits

## Strategic Planning – Process



Source: [http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011\\_workbook.pdf](http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011_workbook.pdf)

# CSA Program Audits

## Strategic Planning – Process

Start

- **Key Inputs for Planning**
  - State Executive Council Biennial Plan
  - Local Government Strategic Plans, Priorities, Budgets, etc.
  - Local CSA Programs: Prior Plans and Results

# CSA Program Audits

## Strategic Planning – Process

1

- **Prepare**
  - Assemble team / Subcommittee
  - Gather inputs (i.e. risk assessments/ analysis/ audit self assessments/ GAP Survey, etc.)
  - Determine schedule

# CSA Program Audits

## Strategic Planning – Process

2

- **Conduct a SWOT analysis.**
  - Assess strengths/weakness (Internal)
  - Identify opportunities/threats (External)

# CSA Program Audits

## Strategic Planning – Process

3

- **Develop your strategic plan**
  - Align local CSA program goals to the SEC long-term goals
  - Align local CSA program goals to established budgets (Best Practice)

# CSA Program Audits

## Strategic Planning – Process

4

- **Publish the approved strategic plan**
  - Communicate plan to all stakeholders
  - Make plan accessible
  - Has very little value if not communicated effectively.

# CSA Program Audits

## Strategic Planning – Process

5

- **Implement and monitor progress**
  - Assign responsible parties to implement the plan
  - Periodic status reports provided to the governing authority.

# CSA Program Audits

## Strategic Planning – Process

6

- **Revise (as needed)**
  - Renewal period
  - Statutory/regulatory changes are enacted or repealed
  - Based upon progress/monitoring results

# CSA Program Audits

## Strategic Planning – ARMICS

### Department of Accounts

### Agency Risk Management and Internal Control Standards

- Oversight by the Agency’s Governing Board
- Risk Assessment – “To demonstrate that the risk assessment internal control component is established and fully functioning, the agency must meet the following *minimum* • Conduct and document an agency-wide risk assessment. This risk assessment should be coordinated with the strategic planning process overseen by the Department of Planning and Budget.”
- Information and Communication – “To demonstrate that the information and communication internal control component is established and fully functioning, the agency must meet the following *minimum* requirement: Document and assess how the agency gathers, uses and disseminates information.”
- Ongoing Monitoring – “To demonstrate that the monitoring internal control component is established and fully functioning, the agency must meet the following minimum requirement: Document and assess the effectiveness of the agency’s monitoring activities.”

Source: [http://www.doa.virginia.gov/Financial\\_Reporting/ARMICS/ARMICS\\_Standards.pdf](http://www.doa.virginia.gov/Financial_Reporting/ARMICS/ARMICS_Standards.pdf)

# CSA Program Audits

## Strategic Plan – Elements

### ELEMENTS OF A STRATEGIC PLAN

[http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011\\_workbook.pdf](http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011_workbook.pdf)

DATA ELEMENTS	DESCRIPTION
<b>Mission</b>	A statement of an organization's purpose; the fundamental reason for an organization's existence
<b>Vision (Optional)</b>	A description of the ideal future state of the organization
<b>Values (Optional)</b>	The principles that govern behavior and the way in which the organization and its members conduct business
<b>Executive Progress Report</b>	Provides an overview of current agency performance and productivity; shows progress achieved, challenges being faced, and the direction for the future
<b>Background Information</b>	Statutory authority Customers Partners (Optional) Products and services Resources: financial, human resources (HR), information technology (IT), capital
<b>Goals</b>	Broad statement of the long-term results needed to accomplish the organization's mission and achieve its vision Goal summary and alignment Objectives, measures and strategies (Optional) Measurement information (for listed measures): measure, measure type, measure frequency, methodology (data source and calculation), baseline, target
<b>Appendices</b>	Information technology investments Additional statutory authority information (Optional) Organization structure (Optional)

# CSA Program Audits Strategic Plan – Elements

## MISSION

A statement of  
an  
organization's  
purpose

The fundamental  
reason for an  
organization's  
existence

## VISION

A description of  
the ideal future  
state of the  
organization

## VALUES

The principles  
that govern  
behavior and  
the way in with  
the organization  
and it's  
members  
conduct  
business

[http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011\\_workbook.pdf](http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011_workbook.pdf)  
<http://www.dpb.virginia.gov/sp/AgencyPlanningHandbook2011.pdf>

# CSA Program Audits Strategic Plan – Elements

## EXECUTIVE PROGRESS REPORT

Overview of current organizational performance and productivity; progress achieved, challenges being faced; and direction for the future

Contextual information for those who are reading and attempting to understand the plan.

## BACKGROUND INFORMATION

Explains why the organization exists, who it serves, what it delivers to its customers and partners, and resources used to accomplish its mission.

[http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011\\_workbook.pdf](http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011_workbook.pdf)  
<http://www.dpb.virginia.gov/sp/AgencyPlanningHandbook2011.pdf>

## GOALS

A broad statement of the long-term results needed to accomplish the organization's mission and vision

## Objectives, Measures and Strategies

Provides leaders of an organization with a tool by which they can provide guidance, identify desired results, monitor progress, and target specific activities to achieve those desired results

As a best practice and a good management tool, their use is recommended

[http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011\\_workbook.pdf](http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011_workbook.pdf)  
<http://www.dpb.virginia.gov/sp/AgencyPlanningHandbook2011.pdf>

# CSA Program Audits Strategic Plan – Elements

## OBJECTIVES

The description of the results, that when achieved, move an organization toward its stated goals

(End result/Outcomes)

## MEASURES

A meaningful indicator to determine performance

(criterion or value)

“Gauge to track progress”

## STRATEGIES

Actions that support the accomplishment of the strategic plan and deliver the results needed to accomplish goals and objectives

(Approaches/Methods)

[http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011\\_workbook.pdf](http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011_workbook.pdf)  
<http://www.dpb.virginia.gov/sp/AgencyPlanningHandbook2011.pdf>

## KEY POINTS OF CONSIDERATION

### GOALS

Typically start with a verb and are phrased in general language, such as to strengthen, expand or improve.

May include broad performance target to be achieved in a specific timeframe (e.g. 50% improvement by FY 20XX).

Should be limited in number to be manageable.

### OBJECTIVES

Shorter-term and/or narrower in focus than the goals they support.

Describe the results needed to accomplish a goal.

They should be measurable

There should be a manageable number per goal, but at least one for each goal.

[http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011\\_workbook.pdf](http://www.dpb.virginia.gov/sp/2011%20Agency%20Training%202011_workbook.pdf)  
<http://www.dpb.virginia.gov/sp/AgencyPlanningHandbook2011.pdf>

## Appendices

A collection of supplemental information that may be pertinent, though maybe not as essential, to the strategic plan.

Examples: information technology investments, additional statutory authority information, organizational structure, SWOT analysis, etc.

# CSA Program Audits

## Strategic Planning – Summary

- Strategic Planning is a continuous and systematic process where the guiding members (in this case CPMT) of an organization make decisions about its future, develop the necessary procedures and operations to achieve that future, and determine how success is to be measured.
- Aligns goals and strategies with long term objectives.
- Provide guidance to all stakeholders by establishing what is to be accomplished over a specified period of time.

# CSA Program Audits

## Strategic Planning – Summary

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- **Process:** Prepare, SWOT Analysis, Develop, Publish, Implement and Monitor, and Revise.
- **Elements:** Mission, Vision, Executive Progress Summary, Background, Goals, Objectives, Strategies, Measures, and Appendices
- **ARMICS:** Control Environment, Oversight by the Agency's Governing Board, Risk Assessment, Information and Communication, and On-going Monitoring

# CSA Program Audits

## Recent Audit Observations



- **Audit Observations Summary**
  - **Highlights Systemic Not Isolated Concerns**
  - **Published on the CSA Website in January 2013**
    - **Updated Periodically**

Web Link: [Audit Observations Summary](#)

# CSA Program Audits

## Recent Audit Observations

### Internal Control Weakness vs. Non-Compliance Observation What's the Difference?

Internal Control Weakness	V E R S U S	Non-Compliance Observation
Ineffective processes that may adversely impact the program's ability to achieve desired strategic, financial, operational, reporting, compliance, and stewardship objectives.		An organization's failure to fulfill specific requirements as stated in established laws, regulations, policies, and procedures.

### Internal Control Weakness vs. Non-Compliance Observation

**Important to Remember**  
**Non-compliance itself can be an  
internal control weakness.**

### CASE STUDY #1

Policies, procedures, and guidelines established by the CPMT are outdated and do not fully reflect current CSA operating practices.

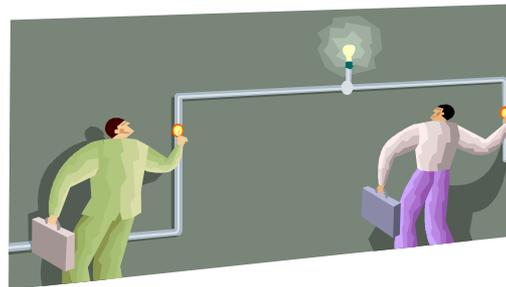
### CASE STUDY #2

Individual and Family Service Plans (IFSPs) are not developed using standard, minimum documentation criteria such as: (1) identification of short and long term goals, (2) time lines for period of service, (3) detailed information about the providers and costs of services, and (4) evidence of FAPT, case manager and parent collaboration.

### CASE STUDY #3

Assessments and/or collections of parental co-payments were not documented to evidence parental ability to share financial responsibility for costs associated with services provided to eligible youth.

# SESSION



# SUMMARY

# CSA Program Audits

## Summary – Internal Controls

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- ▶ Internal controls are steps taken to provide reasonable , not absolute, assurance that organizational objectives are achieved.
- ▶ Cost of achieving the internal control objectives should not exceed its benefit
- ▶ *All STAKEHOLDERS* are responsible for compliance with internal controls
- ▶ Five components of Internal Controls:
  - Control Environment
  - Risk Assessment
  - Control Activities
  - Information and Communication
  - Monitoring

# CSA Program Audits

## Summary– Strategic Planning

- ▶ Although required by statute that CPMT coordinate a long-range plan, it's really just “Good Business”. Translated in audit/internal control language it means “good governance”.
- ▶ Document and publish your plans. Communicated effectively, it provides guidance to all stakeholders of what is to be accomplished and in what timeframe. Audit translation.... meets internal control standards for information and communication.
- ▶ Best practice tips:
  - Goals and objectives should be measurable.
  - Implementation and progress should be monitored.
  - Revise as necessary (e.g. changes in statutory/regulatory requirements).

**Audit/internal control translation: Demonstrates on-going monitoring and management oversight.**

# CSA Program Audits Summary– Recent Observations

- ▶ **Published on the CSA Website.**
- ▶ **A resource for the Community Policy and Management Teams to assess the local CSA program, and initiate corrective action (if warranted).**
- ▶ **Lists systemic (not isolated), significant internal control weaknesses and non-compliance observations.**

# CSA Program Audits

Understanding Internal Controls and Strategic Planning in CSA



# CSA Program Audits

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